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ABSTRACT

Intended to provide background information and preliminary options for the California Community Colleges' Commission on Innovation, this document proposes that approval processes for new facilities be simplified and that restrictions on the lease or purchase of off-campus facilities be eased. Following introductory materials detailing the Commission's charge, the proposal for simplifying the state approval processes is presented and background is provided on the current process. This section includes a sample table of steps in the approval process by time taken to complete each step, indicating that it takes at least 37 months to achieve state approval and funding, and reviews problems with this time-consuming process, including increases in cost; the unpredictability of inflation; and difficulties in responding to changing demography, technology, and employment patterns. Background is also provided on current restrictions to leasing or purchasing off-campus space, indicating that currently districts may not be able to rent for more than 3 years if the site does not meet the Field Act earthquake safety requirements which are stricter than commercial standards. Finally, the following policy options are presented: (1) using block grants, appropriated by the legislature to the Board of Governors, for capital spending; (2) accelerating construction funding schedules; (3) strengthening district planning capabilities; (4) removing the community colleges from Field Act requirements; (5) waiving utilization rules to support purchases of off-campus facilities; and (6) strengthening the analysis capacity of the Chancellor's Office. (KP)

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CUTTING THE COST OF NEW COMMUNITY COLLEGE FACILITIES: STREAMLINING THE FACILITIES APPROVAL PROCESS

Commission on Innovation

Policy Discussion Paper #3

June 1992

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ABSTRACT

Community college enrollment growth cannot all be met by expanding existing campuses and building new stand-alone campuses and centers. Cost savings will have to be realized so that available funds can purchase more facilities for the dollar.

It currently takes at least 37 months for district facilities plans to be approved and funded by the state. This lengthy approval/funding process, involving five different state agencies and the legislature, complicates district planning and increases the cost of building new facilities. In addition, districts may not lease off-campus facilities for more than three years if the facilities do not meet Field Act (Title 21 state earthquake safety) requirements, which cover elementary/secondary schools and community colleges, but not CSU or UC. Even commercial structures built to recent earthquake safety standards would be unlikely to meet the technical requirements of the Field Act. Field Act and other state requirements also make it nearly impossible for districts to purchase existing commercial or industrial buildings, although such purchases could at times realize considerable savings.

This Policy Discussion Paper proposes that the Commission on Innovation consider recommending to the Board of Governors that state-level processes for approving and funding new facilities construction should be simplified and current restrictions on the lease or purchase of off-campus commercial buildings or other facilities should be eased. Relevant policy options discussed include shifting to block grants for capital spending in place of the current capital process; accelerating the construction funding schedule; and removing the community colleges from Field Act requirements. The Paper also discusses policy options for strengthening district planning capabilities, taking additional steps to support district purchases of off-campus facilities, and strengthening the analysis capacity of the Chancellor's Office.

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PREFACE

California's community colleges are facing a period of unprecedented growth in the number and diversity of students who will seek an education before the turn of the century. More students, especially from minority and poor backgrounds, will want to enter community colleges as their best—and often only—gateway to the higher levels of education necessary for success in an increasingly competitive world. Yet the dual pressures of growth and limited budgets could reduce access precisely for those students for whom community colleges have traditionally been the principal avenue for equal educational opportunity.

Despite these pressures, the California Community Colleges are committed to insuring access for all students, and, in particular, to increasing the retention, completion, and transfer rates of ethnic minority and low-income students. To do so, the colleges realize they must introduce far-reaching changes in instructional programs, management strategies, relations with other sectors of society, and the use of facilities and resources.

The Commission on Innovation was formed by the California Community College Board of Governors in November, 1991 to address these concerns. With the colleges facing continuing budget pressures combined with unprecedented growth in student numbers and diversity, the Board realized that "business as usual" would no longer be possible, and asked the Commission to identify innovative ways in which the community colleges could respond to these challenges. The Commission was asked to write a report that proposes policies which build on the colleges' proven record of excellence in order to achieve higher quality, more cost-effective instruction and management for an era of growth and diversity marked by limited budgets.

As an aid to the Commission in its deliberations, the Chancellor has asked the Commission staff to prepare a series of Policy Discussion Papers that provide back-

ground information and *preliminary* policy options for Commission consideration. These staff papers are intended specifically to stimulate discussion from which the Commission can give direction to the staff to further the research and policy analysis process. All the papers will be widely circulated in order to facilitate discussion among community college professionals and feedback from the field. The papers, which will be based on review of relevant literature and discussions with community college professionals and national experts, will address nine crucial areas the Chancellor has asked the Commission and the three **Challenge XXI** Task Forces on Management, Instruction, and Facilities to consider:

1. How could facilities be more efficiently used and planned in order to accommodate growth and save money?

2. How could the colleges use technology in order to enhance learning, improve management, and increase cost-effectiveness?

3. How could partnerships between the community colleges and business be better utilized and further developed to help enhance community college growth and diversity, deal with college resource limitations, and address issues of economic development?

4. How could the community colleges work cooperatively with other education segments in order to accommodate growth and increase cost-effectiveness?

5. How could the colleges achieve continuous improvement in the quality and efficiency of their management and their services to a diverse clientele?

6. How could the community colleges become more effective learning environments for an increasingly diverse population, and in particular assure that underserved students receive the academic preparation required to prepare them for transfer?

7. What changes in system-wide and local college governance could enhance the colleges' efficiency and effectiveness?

8. How could additional revenue (from existing and/or new sources) be raised in order to help accommodate future growth?

9. What additional steps should the system take to ensure accountability for efficiency and effectiveness?

The Chancellor has made it clear that the answers to these questions must all address a common underlying theme: how the California Community Colleges can ensure access for all students, and increase the retention, completion, and transfer rates of ethnic minority and low-income students.

This Policy Discussion Paper addresses an issue that lies at the heart of the colleges' abilities to accommodate student enrollment growth: how the cost of new facilities can be reduced so that more facilities can be obtained with available resources (see Question #1 above). The paper focuses on the question of how to cut costs associated with the state process for reviewing and approving new community college facilities, and discusses a number of policy options relevant to this question. Policy Discussion Papers in preparation will address the issue of how current facilities could be used more efficiently; how facility costs might be reduced through innovative designs; and how modern distance learning technology might help reduce the need for new facilities.

A. OVERVIEW

California's community colleges currently serve some 1.5 million students at 107 colleges and numerous community sites and off-campus centers. The Department of Finance has projected an enrollment growth of more than 500,000 students by 2005—an increase of more than one-third. The Chancellor's Office and California Postsecondary Education Commission (CPEC) have estimated that, in addition to the renovation and expansion of existing campuses, 14 new colleges and 23 new centers will have to be built to accommodate this student growth, at a cost, including maintenance, of more than four billion dollars.

The community colleges recognize that a four billion dollar facilities spending plan is unrealistic, and that enrollment growth cannot all be met by expanding existing campuses and building new stand-alone campuses and centers. Cost savings will have to be realized so that available funds can purchase more facilities for the dollar.

The colleges could realize cost savings and other efficiencies if state-level processes for approving and funding new facilities construction were simplified, and current restrictions on the lease or purchase of off-campus commercial buildings or other facilities were eased. ***This paper proposes that the Commission on Innovation explore recommending to the Board of Governors that the community colleges take steps to obtain these changes in state processes.***

B. BACKGROUND

The State Approval Process

A district request for funding to build new facilities takes the form of a "Capital Outlay Budget Change Proposal" (COBCP) submitted to the Facilities Planning and Utilization Unit in the Chancellor's Office. The proposal is accompanied by a district justification for the new facilities, with schematic drawings, and will have been preceded by considerable work at the district level, including local facilities utilization studies, demographic projections, and, in the best cases, thoughtful education planning that has developed a long-run vision for the college's education program and related facilities needs. Table 1 shows a "typical" facilities approval schedule beginning February 1, 1992 (the February 1 date is mandated by the State Administrative Manual) and assumes that all steps in the process are completed without undue delay; the process usually takes longer.[1] One senior state agency analyst estimates that from conception to utilization it often takes seven to eight years to bring a new facility on line (including district planning, state approval, and construction).

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[1]For new facilities on an existing campus, the district planning process takes 12-18 months and requires no state review other than that shown in Table 1. Where the district is proposing to construct a new college or center, a longer district planning period is needed; the Demographic Research Unit (DRU) of the Department of Finance must approve the district's demographic projections; and CPEC must approve district plans. Much of the process of securing DRU and CPEC approval can move forward in parallel with the state approval process shown in Table 1 that begins with district submission of a COBCP. (Demographic projections had been provided until recently by DRU, but are now increasingly the responsibility of the districts, with DRU reviewing and acting on them. According to the DRU's new *Guide for Community College Districts*, "if the districts submit more projections than its staff can review in the time available between October and February each year, the Chancellor's Office must prioritize the projections for DRU review, with the possibility that DRU may be forced to delay some reviews until the following October" (CPEC, 1992).

Table 1

The Facilities Approval Process

	Process Step	Completed By	# Of Months From Start
1.	Facilities justification and schematic is submitted to Chancellor's Office in form of Capital Outlay Budget Change Proposal (COBCP) for funding preliminary plans and working drawings	02-01-92	0.0
2.	Chancellor's Office (COCCC) places project on list for submission to Dept. of Finance (DOF)	05-01-92	3.0
3.	COCCC determines project's priority placement on list of all projects approved; BOG approves	06-15-92	4.5
4.	List of approved projects is submitted by COCCC to DOF	07-01-92	5.0
5.	DOF approves project and includes it in Governor's budget	01-01-93	11.0
6.	COBCP for construction funds is submitted to COCCC	02-01-93	12.0
7.	Office of the Legislative Analyst (OLA) analyzes the February 1992 COBCP	03-15-93	13.5
8.	Legislature funds preliminary plans and working drawings; funds are released to support 35 percent of the costs of preliminary planning	08-15-93	18.5
9.	Preliminary plans are submitted to the Public Works Board (PWB) through COCCC	12-01-93	22.0
10.	DOF approves construction phase and includes funds in Governor's budget	01-01-94	23.0
11.	PWB approves preliminary plans; funds are released for working drawings and paying balance of district preliminary planning costs	02-01-94	24.0
14.	OLA analyzes the February 1993 COBCP for construction funds	03-15-94	25.5
13.	Working drawings are sent by the district to the Office of the State Architect (OSA)	06-01-94	28.0
14.	Legislature approves funding for construction (if bond monies are available)	07-01-94	29.0
15.	OSA approves working drawings	10-01-94	32.0
16.	DOF authorizes district to solicit bids	12-01-94	34.0
17.	Bids reviewed by COCCC; DOF releases construction funds	03-01-95	37.0

Community college facilities planners and administrators point to three problems associated with the process shown in Table 1:

1. Time is money—the longer it takes to begin construction of a new facility the more that facility will ultimately cost.

2. The long waiting period between initial planning and the start of construction makes it hard to predict the impact of inflation. Though cost estimates contain inflation allowances, under-estimates require districts either to request more money from the legislature[2] or scale back their facilities plans.

3. With accelerating rates of change in demography, technology, and employment patterns, facilities that take most of a decade to bring on line can be outdated and/or overcapacity by the time they open. Though detailed district planning and actual construction will always take time, the three-year or more state approval process aggravates this problem.

As Table 1 shows, it takes so long to obtain approval for new facilities projects that new plan submission deadlines come and go before a prior year's plans have been approved or disapproved. To guard against the risk of missing an entire plan approval cycle if their funding request is not approved by the legislature and signed by the Governor, districts often re-submit their plans to the Chancellor's Office while the original request is still pending.[3]

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[2]A change in project cost of the lesser of $50,000 or ten percent of the approved budget requires a report to the Joint Legislative Budget Committee and a review by the Legislative Analyst.

[3]Though not central to the question of the state approval process itself, two related issues are worth mentioning: (1) The process requires districts to expend scarce dollars up front for the preparation of schematic drawings and other preliminary planning. These dollars are not returned unless the project is approved, and then not until well after district money has been spent. The districts know that their chances of having a proposed facility placed on the BOG priority list depend on the quality and completeness of these preliminary plans; thus, the more a district is willing to spend up front to buy top-flight professional help, the better its chances. Some districts with fewer resources cannot play this game successfully and are much less likely to get the facilities they need. (2) Funds for equipment for a new building are requested together with funds for construction, but actual equipment procurement must be approved separately by the Chancellor's Office and DOF. When approval is not forthcoming, the district must purchase new equipment out of its general operating funds or equip the new facilities with equipment that may be outmoded. (In a recent case we know of, for example, a new library is being completed but funds for furniture were cut back and no funds for new books were approved). Moreover, the state Administrative Code stipulates that new equipment will be provided only for new facilities. Thus, if a laboratory is remodeled and enlarged, equipment funds are

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Leasing or Purchasing Off-Campus Facilities

Districts seeking to bring college services to decentralized community locations often lease off-campus facilities originally designed for other uses. However, Field Act (Title 21 state earthquake safety) requirements prevent districts from leasing off-campus (typically commercial) space for more than three years if that space does not meet code requirements. The Field Act was written to cover grades K-14; CSU and UC are not covered by the Act, on the grounds that their students are adults who are capable of making an informed choice about seismic risks.

Even commercial structures built to recent earthquake safety standards would be unlikely to meet the technical requirements of the Field Act. Yet, the Field Act standards may not make more than a marginal contribution to earthquake risk reduction in a relatively modern building, given the last two decades' strengthening of state and local building codes. There has been no study of the cost of meeting Field Act requirements compared to the extra safety benefits those requirements might yield.[4]

Districts could also expand their facilities by purchasing an existing commercial (or industrial) structure rather than building a new facility. An office building near a college's main campus, for example, may come on the market at a price substantially below what it would cost the district to build equivalent new space. Districts are generally unable to avail themselves of these cost-saving opportunities to purchase new facilities, for several reasons:

- The buildings do not meet Field Act requirements.

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provided only for that portion of the laboratory that represents new space. Unlike UC and CSU, the community colleges do not have a line item for instructional equipment in the Governor's budget.

[4]State laws pertaining to guaranteed access for the handicapped—and new state and federal laws just coming on line—may constitute a more durable obstacle to the use of existing off-campus buildings than that posed by earthquake safety standards.

- With rare exceptions, districts are permitted to add only as much space as they have been able to justify through enrollment projections. If a district wishes to purchase a building that exceeds that space, it usually may not do so even if the building is cheaper than a smaller one built from scratch.

- Building owners who have placed their property on the market are usually unwilling to wait through the long state approval and funding process required before a district can make a firm purchase commitment.

These impediments to long-term leasing or purchase of off-campus facilities complicate college plans for responding to community needs for decentralized services, and in particular for bringing services to immigrant, low-income, or other populations that may be unable to come to a central campus.

C. POLICY OPTIONS

The above discussion suggests that community colleges could realize considerable savings if the facilities approval process were streamlined, and, in particular, if *the time required for approval and funding of college facilities were reduced and if restrictions on the lease or purchase of existing facilities were eased.* The following policy options could achieve this streamlining.

Option 1. Shift to block grants for capital spending.

One reason the state approval process takes so long is that each district's facilities proposal and/or preliminary plans must be reviewed by five different state agencies (which may differ on what data they require districts to submit with their plans). Much of this redundant review could be eliminated if the legislature appropriated a block grant to the BOG based on a single, long-term (three- to five-year) system-wide facilities construction plan (with yearly up-dates) approved by the Department of Finance (and CPEC for new centers and colleges). The Department of Finance would decide how much money to include in the Governor's budget for all community college capital spending; the legislature could change this amount, but individual district plans would not be reviewed by state agencies.[5] The Chancellor's Office (COCCC) would make project-level capital outlay recommendations to the BOG on the basis of capital funds available to the system.[6] With a block grant program, districts would be assured of a faster and more predictable process, though they would have fewer options for adding dollars to projects whose costs had been underestimated.

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[5]The Public Works Board would no longer be part of the state approval process. The Board is staffed by DOF and virtually never refuses to release funds for projects that DOF has already approved.

[6]The capital spending block grant would include funds for furniture and equipment for new buildings or buildings that undergo substantial renovation and remodeling.

Option 2. Accelerate construction funding schedule.

The current approval process requires COCCC and state agency review of two separate Capital Outlay Budget Change Proposals (one for preliminary plans and working drawings, one for construction funding—see Table 1) and two full legislative appropriations cycles before construction funding is available. The process could be greatly streamlined if: (1) district facilities proposals were approved by the Chancellor's Office on the basis of enrollment projections, programmatic justifications, simple schematics, and preliminary cost estimates; (2) districts approved for facilities funding received grants from the Chancellor's Office to prepare preliminary plans and working drawings; (3) capital outlay block grants to the BOG were approved by the Department of Finance before individual district preliminary facilities plans had been drawn up; and (4) districts completed their preliminary plans and working drawing in time to take advantage of the availability of construction funds.[7] These changes could reduce state agency approval time by as much as 50 percent.

Option 3. Strengthen district planning capabilities.

Many districts do not have the resources to develop high-quality proposals that can compete successfully for a position on the COCCC facilities priority list. In particular, many districts do not link facilities planning to education master

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[7]Assuming no other changes in the existing schedule for agency approvals (see Table 1), this would allow districts to submit proposals to COCCC in February of Year 1 and know by January of Year 2 that they were included in COCCC's block grant funding plan. These districts would then receive planning grants from COCCC and complete preliminary plans and working drawings that could be approved about the time construction funds were available in August of Year 2. (Funds from each capital outlay block grant would be reserved by COCCC for funding district planning during the next planning cycle; COCCC would use its five-year capital outlay plans to estimate the amount of planning funds it needed to reserve. A one-time appropriation would be needed to fund the first planning cycle.) Some delays could also be prevented if preliminary plans were reviewed by the Office of the State Architect (OSA) to ensure that space standards, life safety, access, and structural criteria were being met. OSA would still review working drawings, but a review of preliminary plans (which is not now done) would save time and money later by catching errors before the working drawing stage.

planning.[8] Disparities among districts in the quality and completeness of their facilities proposals slow the COCCC/state agency review process and can lead to inequities in the pattern of funding for new facilities. The quality of district facilities planning could be improved, the state-level review process shortened, and system-wide facilities funding made more equitable if the Chancellor's Office took steps to strengthen district planning capabilities.

Two specific policies could be pursued by the Chancellor's office. First, a planning grants program could provide the extra resources some district need in order to conduct better planning and strengthen their planning capabilities. The program would be funded by the legislature outside of the capital expenditure block grant to the BOG and would be administered by the Chancellor's Office, which would determine district grant recipients on the basis of need. Districts would not compete for grants, since districts that were able to prepare the most sophisticated proposals would be least in need of assistance to upgrade their planning capabilities. Grants might be used by districts to hire expert planning assistance, strengthen district procedures, or purchase planning-related computer software.[9]

Second, the Chancellor's office could encourage inter-district resource sharing. Many districts cannot afford to hire a full-time staff person concerned with district planning, or pay for computer hardware or software that would be employed in the planning process. However, some of these districts could afford

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[8]Facilities plans are often developed largely on the basis of student headcount projections for existing programs, with inadequate consideration of possible changes in programs or practices that might directly influence facilities needs. Thus, facilities planning often drives education planning rather than the other way around. These problems make it less likely that colleges will build facilities that are designed to support new or innovative instructional techniques, or fully meet the needs of the diverse students who will be enrolling over the next several decades.

[9]At least 24 districts already use a facilities planning software package that employs common planning criteria and conventions to provide designs and cost data for prototype facilities.

to split the time and expense of a district planner—or share the cost and use of computers or software—with neighboring districts, and should be encouraged to do so. The Chancellor's Office would identify districts with planning resource needs, help the districts review their needs and determine how they could be met, and broker the inter-district sharing of personnel and other resources in order to strengthen district planning capabilities.

Option 4. Remove community colleges from Field Act requirements.

As noted above, UC and CSU are not covered by the Field Act on the grounds that their students are adults who are capable of making an informed choice about seismic risks. Since community college students are also adults able to make informed choices, there seems little ground for holding the community colleges to a standard that is more stringent than that applied to the public universities. Legislation removing the community colleges from Field Act requirements would make it possible for the colleges to sign long-term leases for off-campus facilities and negotiate for the purchase of off-campus commercial or industrial space. In place of Field Act requirements, the state could require that buildings to be leased or purchased conform to recent local building code requirements that provide a reasonable assurance of structural integrity in the event of earthquake. This additional flexibility would save money, since long-term leases are less expensive than leases signed for three years and existing commercial or industrial space is often much less expensive than the equivalent space built from scratch. It would also enable the colleges to be more responsive to community needs for decentralized services.[10]

[10]AB 2555, now being considered by the legislature, would exempt local school districts from Field Act requirements if they acquire existing buildings and convert them to classroom use, providing the buildings meet the requirements of the state Uniform Building Code (and certain other related requirements). The bill would allow districts to apply any monies saved in this way as a credit toward their deferred maintenance fund.

Option 5. Support purchase of off-campus facilities.

As discussed above, commercial or industrial buildings are often suitable for community college classroom, shop, laboratory, or office space, and can be significantly less expensive per square foot than new construction. They usually have the added advantage of strategic location to serve community needs—and "instant availability." Districts' abilities to purchase these facilities would be greatly strengthened by removing the community colleges from Field Act requirements (discussed above) and by two other changes to current procedures: (1) State agencies and COCCC could waive space utilization rules if the district can show that it would cost less to purchase an existing structure—even if it is larger than current needs require—than to build a new structure containing less space. (Districts find it difficult to secure approval for a building purchase if the building contains more space than the district has justified in its facilities utilization proposal.) (2) The Chancellor's Office could set aside a reserve fund from its capital outlay block grants to provide districts with the funds they would need to secure options to buy facilities whose purchase had been approved by COCCC. (Districts desiring to purchase commercial or industrial space must still go through the state-level facilities approval process, which at best will take longer than most property sellers would like. An option to purchase would enable the district to hold the property while the state approval process goes forward.)

Option 6. Strengthen Chancellor's Office analysis capacity.

The Facilities Planning and Utilization Unit in COCCC is not currently staffed or equipped to assume the additional responsibilities it would have if the state facilities approval process were to take the directions recommended above. For example, variation in the quality of district plans is due in part to the absence of a widely-understood approach to education/facilities planning and a scarcity of district personnel with the necessary training and experience to lead local planning efforts. The Chancellor's Office provides technical assistance to districts to help ameliorate these problems, but is not currently able to devote the time and

resources to this task that most districts need; it could enlarge and expand its efforts to provide training for local planning staffs and remain accessible as a source of advice and assistance for local planners. Thus, Chancellor's Office staff would have to play a much more active role in working directly with districts on their educational/facilities plans and preliminary construction plans and would have additional responsibilities for working with other state agencies involved in the plan review process. The Chancellor's Office could meet these obligations if the legislature were to support the hiring of additional COCCC analysis staff and the acquisition of more computer and computer programming capabilities. A Chancellor's Office plan for adding this analysis capacity would help demonstrate the feasibility of moving to a facilities approval process with the features described above.

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Taken together, these policies would introduce major changes to current state-level procedures for reviewing, approving, and funding new community college facilities. Most of these changes would require new state laws or regulations; new legislation would therefore be the main instrument for securing the policies discussed above. Specifically, legislation would be required to move from a project-based capital funding cycle with redundant state agency review to a block grant system with enlarged authority for the Chancellor's Office; fund block grants to the BOG on the basis of BOG decisions on a system-wide capital expenditure plan; compress the time required to fund construction; remove the community colleges from Field Act requirements; permit space utilization rules to be waived for the purchase of some existing facilities; fund planning grants to districts; and strengthen Chancellor's Office analysis capacities.

D. SUMMARY

This paper has suggested that the Commission on Innovation consider whether to recommend to the Board of Governors that legislation be enacted to streamline the facilities approval and funding process. A number of policy options have been advanced that have the potential to reduce the time required for approval and funding of college facilities and ease restrictions on the lease or purchase of existing facilities. Though other papers in this series will address alternatives to new facility construction, new construction will undoubtedly be needed to meet the needs of increasing enrollment. Thus, the policy options suggested above represent one component of a more comprehensive series of recommendations.

The Commission must decide whether it would consider recommending to the Board of Governors that legislation be written to streamline the facilities approval and funding process, and if so, which policy options it would also like to further develop for possible recommendation to the Board.

If the Commission decides to support the thrust of this proposal, the staff will work with the Commission, the Task Forces, other community college professionals, representatives of interested organizations, and national experts to incorporate a revised version of the policy options in the draft of the Commission report to the Board of Governors.

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